

**Mr. Dan Lane, Business Agent
International Brotherhood of Electrical Workers
Talking Points for Judiciary Committee Field Hearing
April 4, 2002**

Chairman Sensenbrenner, Congressman Conyers and Congressman Cannon, we are pleased that you have chosen to bring the important issue of competition in the local telecom service market to Detroit.

The membership of the IBEW supports the Telecom Act of 1996. At a time when monopolies are cutting jobs through automation and outsourcing, competitors are creating new jobs through new investments and innovative applications.

In our judgment the 1996 Act represents a fair trade. It allowed the Bells to lease the long distance lines of competitors at 70% discounted wholesale rates, and Bell competitors to lease local monopoly facilities at rates on which the Bells still profit.

In our view, this is sound public policy for several reasons. First, the Bell monopoly facilities are public switches - built over a century with the support and protection of the federal government. The profitability was guaranteed by the ratepayers. The Bells did not have to assume financial risks to build this local telecom empire, rather the federal government handed them it when AT&T was dissolved.

The law is fair also because no competition is possible without it. No competitor can reasonably be expected to duplicate these mammoth networks.

Every independent entity, including the Supreme Court, has said the federal wholesale pricing formula is fair. The Supreme Court called the Bell complaints of below cost pricing "patently absurd."

The 1996 Act has spurred as much as \$150 billion of new investments in telecom networks and created tens of thousands of jobs - investments and jobs that would not have occurred but for competition rules. Much of the investment involves the manufacturing and installation of vast amounts of new equipment and wiring needed to connect to the monopoly Bell pipelines.

The local construction unions of IBEW have been turned into modern-day telecom journeymen in building these massive new on-ramps to the information age. In the process, hundreds of small telecom businesses have been birthed offering service to 16 million consumers, generally at prices 10-50 percent less than the Bell companies.

At IBEW Local #58 we have seen a jobs explosion since competition came to Michigan. The start-ups coming to town have called our members for inside wiring and other related jobs. Our business is growing daily. (opportunity for you to add numbers and details)

This is quite a contrast to the experience of organized labor with the monopolies. While they continue to get some support from the labor movement based on promises that rarely materialize, increasing labor leaders are starting to see that having one player in the market place is not in the interest of working people.

The Bells have laid off 20,000 workers at a time they are reaping record profits. Their earnings of \$2 billion per quarter have barely been dented by the inroads of competition or by the economic downturn. Just yesterday SBC announced they were moving 150 jobs out of Lansing.

Local labor leaders around the country have complained of SBC's behavior. In one instance, SBC cut off a local hotline after the local IBEW union complained that the job losses were attributable to outsourcing and automation. In another case, organized labor complained that Verizon didn't even give its workers the benefit of decent bathroom breaks.

Competition is key for working Americans. A rising tide of competition means we have more opportunity, and that we are not held hostage to the tyranny of one giant monopoly who can treat us the way it wants at will.

It also means savings for us at home: \$9 billion nationwide, according to a credible recent study. That is the kind of help our families need.

Clearly, the 1996 Act is having limited success. Despite nascent competition the Bells still control over 90% of the lines nationwide.

They have many different ways in which they can thwart the intention of the Act and prevent competitors from interconnecting with their networks. The 1996 Act, in short, has insufficient enforcement ability.

If you study the history of antitrust law, dating back to the 19th Century Robber Barons, Rockefeller and Standard Oil, you'll see that the major progress for working people has occurred when our antitrust laws were fully enforced.

If we truly want to create the democracy in the workplace for working Americans, and for consumers, the Judiciary Committee should undertake its task to complete the picture for a healthy telecom marketplace.

It's fine for the 1996 Act to set the economic and regulatory goals, but unless we have far stronger enforcement through the antitrust laws, the monopolists can shoot too many holes in the act and frustrate its purpose.

We need legislation that will create a strong antitrust sanction for actions that defeat the wildly popular intent of the 1996 Act.

And to our good friend Congressman Conyers, thanks for bringing home this important issue for public debate. You are always on the right course on these issues and we appreciate your continued leadership.